

MEMORANDUM

TO: Mayor and Council

FROM: Karen Huffman, Senior Accountant (x.8256)

THROUGH: Rich Oesterle, Financial Services Division Director (x.8347)

DATE: January 18, 2001

SUBJECT: **Declaration of Intent to Reimburse Expenditures with
Tax-Exempt Bonds**

In calendar year 2001, the City of Tempe will be issuing General Obligation Bonds which will be used to fund Capital Improvement Program projects budgeted for fiscal year 2000-01.

Different Internal Revenue Service regulations affect the sale and ultimate use of bonds. One set of guidelines regulate the reimbursements to the City for projects under construction or completed. Another set of arbitrage regulations covers the future use of bonds for projects begun after the sale of tax-exempt bonds.

On June 1, 1995, the City Council designated the Chief Financial Officer (formerly the Management Services Director) (Resolution 95.35) as the responsible official to declare, on behalf of the City, those projects we intend to either partially or in total reimburse the City with proceeds from tax-exempt General Obligation Bonds.

The attached report lists the projects which we reasonably expect will require some reimbursement. The list is on file in the Financial Services Division, and, as requested by Bond Counsel, is being reported to Council for your information.

If you have any questions with respect to the attached report, please contact Rich Oesterle at extension 8347.

**DECLARATION OF OFFICIAL INTENT UNDER TREASURY REGULATION
SECTION 1.150-2 TO REIMBURSE AN EXPENDITURE WITH PROCEEDS OF
TAX-EXEMPT BONDS**

The undersigned is the Management Services Director for the City of Tempe, Arizona (the "City"), and has been designated by the Mayor and Council of the City to declare official intent on behalf of the City with respect to the reimbursement of expenditures with proceeds of tax-exempt bonds.

Section 1. Declaration of Official Intent. The undersigned hereby declares under Treasury Regulation 1.150-2 the official intent of the City to reimburse the following capital expenditures with the proceeds of tax-exempt bonds.

	<u>Description of Expenditure</u>	<u>Expected Date of Payment</u>	<u>Amount of Expenditure</u>
(1)	Water/Wastewater Improvements These projects provide funding for various improvements to the water/wastewater system including improvements to the 91 st Ave Wastewater Treatment Plant; South Tempe and Papago Water Treatment Plant modifications; upgraded computer technology projects; and numerous other water/wastewater system projects.	FY 00-01	\$14,000,000
(2)	Storm Drain Improvements These projects provide funding for miscellaneous storm drain improvements.	FY 00-01	\$ 695,000
(3)	Street Improvements These projects provide funding for local and major street renovations.	FY 00-01	\$2,550,000
(4)	Fire Improvements These projects provide funding for various fire department improvements including the downtown fire station.	FY 00-01	\$1,495,000
(5)	Police Improvements These projects provide funding for various police department improvements including funds for jail improvements.	FY 00-01	\$ 445,000

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| (6) | Park Improvements-Recreation
These projects provide funding for various park improvements. | FY 00-01 | \$1,515,000 |
| (7) | Sidewalk/Bikepath Improvements
These projects provide funding for various sidewalk/bikepath improvements. | FY 00-01 | \$ 100,000 |
| (8) | Traffic Signals Improvements
These projects provide funding for various modular traffic signal installations, street light upgrades and undergrounding of utility lines. | FY 00-01 | \$1,020,000 |
| (9) | Park Improvements-Public Works
These projects provide funding for various park improvements for the Public Works department including golf course improvements and restroom renovation and upgrades. | FY 00-01 | \$ 180,000 |

Section 2. Timeliness of Declaration. This declaration is being made not later than sixty days after payment of expenditures to be reimbursed.

Section 3. Project Description.

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| (1) | Description: Water/Wastewater Improvements
Project Number: Fund 32
Fund: Water Management |
| (2) | Description: Storm Drain Improvements
Project Number: Fund 58
Fund: Storm Drains |
| (3) | Description: Street Improvements
Project Number: Fund 54
Fund: Streets |
| (4) | Description: Fire Department Improvements
Project Number: Fund 56
Fund: Fire |
| (5) | Description: Police Department Improvements
Project Number: Fund 55
Fund: Police/Courts |

- (6) Description: Park Improvements
 Project Number: Fund 63
 Fund: Parks – Community Service
- (7) Description: Sidewalk/Bikepath Improvements
 Project Number: Fund 68
 Fund: Sidewalks/Bikepaths
- (8) Description: Traffic Signals Improvements
 Project Number: Fund 69
 Fund: Traffic Signals
- (9) Description: Park Improvements-Public Works
 Project Number: Fund 64
 Fund: Parks – Public Works

Section 4. Maximum Principal Amount. The maximum principal amount of obligations expected to be issued for the projects described in Section 3 above is \$22,000,000.00.

Section 5. Reasonable Expectation to Reimburse. This Declaration as of its date is consistent with the budgetary and financial circumstances of the City and the City reasonably expects to reimburse the expenditures described in Section 1 with the proceeds of tax-exempt bonds.

Dated: _____

Chief Financial Officer,
City of Tempe, Arizona